

# **SECTION J**

## **Estate Tax and Generation-Skipping Transfer Tax**

# **BASIC PROVISIONS AND TAX BASE OF THE NEBRASKA ESTATE TAX AND GENERATION-SKIPPING TRANSFER TAX LAWS**

The tax base for Nebraska's estate tax is the greater of two amounts. The first is the maximum state tax credit allowance upon the tax imposed by Chapter 11 of the Internal Revenue Code. The second amount is the federal taxable estate, as determined under Chapter 11 of the Internal Revenue Code, minus one million dollars. The tax is levied and imposed upon the transfer of the estate of every resident decedent, and upon the value of any interest in Nebraska real estate and tangible personal property situated in Nebraska of a nonresident decedent.

Credit is allowed for the total amounts of tax paid to any state or territory, the District of Columbia, or any possession of the United States.

Rates on the Nebraska taxable estate range from 5.6 percent to 16.8 percent depending on the size of the estate.

The generation-skipping transfer tax is imposed for any generation-skipping transfer or distribution of property of every Nebraska resident or any nonresident transferring Nebraska real estate or tangible property situated in Nebraska with respect to a taxable transfer that gives rise to federal generation-skipping transfer tax liability under Chapter 13 of the Internal Revenue Code.

Credit is allowed for the total amounts of tax paid to any state or territory, the District of Columbia, or any possession of the United States or for the percentage of the gross value of the transferred property located outside Nebraska over the gross value of all the transferred property multiplied by the tax calculated on the entire Nebraska transfer tax before credits.

The rate for the generation-skipping transfer tax is 16 percent of the amount by which the federal taxable transfer exceeds one million dollars.

**The funds raised by these taxes are deposited in the State General Fund.**

# TRANSFER TAXES

Statutory Reference  
and Description

Estimated Tax  
Expenditure Cost  
NA = Not Available

## DEDUCTION

### Section 77-2101.01

A deduction is allowed against the Nebraska transfer taxes for the lesser of (1) the total amount of all estate, inheritance, legacy, or succession taxes paid to any state, territory, or possession of the United States, the District of Columbia, or their political subdivisions (this includes inheritance tax paid to Nebraska counties for the estate tax), or (2) the sum of the amount of Nebraska inheritance taxes paid and the amount determined by multiplying the maximum state tax credit allowance of the taxable transfer by the percentage of the gross value of the transferred property not situated in Nebraska over the gross value of the transferred property.

\$26,732,000

## CREDIT AND REFUND

### Section 77-2106.01

A refund is allowed for any overpayment of transfer tax in excess of that legally due when a proper claim is submitted to the State Tax Commissioner within the applicable statute of limitations.

\$308,498

# **ESTATE TAX AND GENERATION-SKIPPING TRANSFER TAX RECOMMENDATIONS**

The Nebraska Department of Revenue has no recommendations.